

AUGUST 15 1974

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REGISTRATION NO.

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INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of August 15, 1974

AMONG

FIRST NATIONAL BANK AND TRUST COMPANY
OF EVANSTON,
as Lessor

AND

NORTH AMERICAN CAR CORPORATION,
as Lessee

(N.A.C. 74-1)

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EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of August 15, 1974 between FIRST NATIONAL BANK AND TRUST COMPANY OF EVANSTON, a national banking association (the "Lessor") and NORTH AMERICAN CAR CORPORATION, a Delaware corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor is acquiring certain equipment (collectively the "Equipment" and individually "Item of Equipment") described in Schedule A attached hereto and made a part hereof and, upon delivery of each Item of Equipment by the Manufacturer thereof (hereinafter referred to as "Manufacturer"), the Lessor shall lease and let such Item of Equipment to the Lessee and the Lessee shall hire such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

WHEREAS, the Lessee desires to lease all of the Items of Equipment or such lesser number as are delivered to and accepted by the Lessee on or prior to the outside delivery date set forth in said Schedules, at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions.

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT

The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery set forth in Schedule A. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Item of Equipment is found to conform to the specifications therefor, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and to the Manufacturer thereof a certificate of acceptance (hereinafter called "Certificate of Acceptance") substantially in the form attached hereto as Schedule B, whereupon such Item of Equipment shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(a) Fixed Rental. For each Item of Equipment forty (40) semiannual installments of Fixed Rental payable in arrears in the amounts provided for each respective Item of Equipment in Schedule A hereto.

(b) Daily Interim Rental. For each Item of Equipment, the amount per day provided for such Item of Equipment in Schedule A hereto for the period from and including the date of acceptance of each such Item of Equipment pursuant to Section 1 of this Lease to but not including the Term Lease Commencement Date (as hereinafter defined).

The Fixed Rental provided for in Schedule A and the Casualty Values set forth in Schedule C hereto have been computed on the basis of an assumption that the Secured Bonds (the "Secured Bonds") referred to in the Term Loan Agreements dated as of August 15, 1974 (the "Term Loan Agreements") between North American Car (Canada) Limited ("NAC-Canada") and the Term Lenders (the "Term Lenders") named therein will be payable to the Term Lenders with interest at the rate of 11% per annum. The Lessor and the Lessee agree that in the event the interest rate payable in respect of said Secured Bonds shall vary ~~(upon written consent of the Lessor and the Lessee)~~, the Fixed Rental and the Casualty Values set forth in Schedule C hereto shall be appropriately increased or reduced to maintain the Lessor's effective rate of return hereunder and to amortize the Secured Bonds at the interest rate payable thereon provided for in the Term Loan Agreements as executed. D

2.2. Rent Payment Dates. The Term Lease Commencement Date (hereinafter "Term Lease Commencement Date") for all items of Equipment shall be January 31, 1975. The total amount of Daily Interim Rental for all Items of Equipment shall be due and payable as provided in Schedule A hereto. The installments of Fixed Rental for each Item of Equipment shall be due and payable on the 31st day of January and July in each year commencing July 31, 1975.

2.3. Place of Rent Payment. Subject to Section 16 hereof, all payments provided for in this Lease to be made to the Lessor shall be made to the Lessor by wire transfer of Federal funds at its address set forth in Section 21.1 hereof, or at such other place as the Lessor or its assigns shall specify in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against Manufacturer; nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or other infirmity of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is surrendered and placed in storage.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11 and 20 hereof, shall terminate on the date for payment of the fortieth (40th) installment of Fixed Rental provided for in Section 2.1 hereof.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. Retention of Title. The Lessor is acquiring full legal title to the Equipment and, it is understood that Lessee shall acquire no right, title or interest to the Equipment except hereunder notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2 Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from The First National Bank and Trust Company of Evanston, as Lessor, and subject to a Security Interest, all as recorded with the Interstate Commerce Commission."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the

Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and, subject to Section 10.1 hereof, filed, recorded or deposited in all public offices as may reasonably be deemed necessary or appropriate by the Lessor and any assignee pursuant to Section 16 hereof in order to protect the rights of the Lessor and such assignee hereunder.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use or sublease the Equipment under this Lease.

SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have with respect to the Equipment against the Manufacturer.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and its successors and assigns from and against:

- (a) any and all loss or damage of or to the Equipment, usual wear and tear excepted, and

(b) any claim, cause of action, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation, the construction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements, or (iv) as a result of claims for negligence or strict liability in tort.

6.2. Federal Income Taxes. [First Paragraph] The Lessor, as the owner of the Equipment, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the "Code"), to an owner of property, including, (i) depreciation of the invoice cost price of each Item of Equipment under any of the methods enumerated in Section 167(b) of the Code using the Asset Guideline Class 00.25 (Railroad Cars and Locomotives) (12 year ADR) as prescribed in Revenue Procedure 72.10 and in accordance with Section 167(m) of the Code with the variations allowed by applicable regulations, commonly referred to as Asset Depreciation Range Guidelines (hereinafter called the "Depreciation Deduction"), (ii) the 7% investment credit (hereinafter called the "Investment Credit") with respect to the Invoice Cost of the Equipment pursuant to section 38 and related sections of the Code, and (iii) deductions with respect to interest payable under the Bond Mortgage pursuant to Section 163 of the Code (such deduction being herein called the "Interest Deduction").

[Second Paragraph] The Lessor agrees that it will claim the Investment Credit, the Depreciation Deduction and the Interest Deduction to the extent permissible under the Code. The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

[Third Paragraph] Notwithstanding anything to the contrary contained in Section 5 hereof, the Lessee represents and warrants that (i) at the time the Lessor becomes the owner of the Equipment, each Item of Equipment will constitute "new section 38 property" within the meaning of section 48(b) of the Code and at the time the Lessor becomes the owner of the Equipment, each Item of Equipment

will not have been used by any person so as to preclude "the original use of such property" within the meaning of sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor; and (ii) the Lessee will not at any time during the terms of this Lease, use or fail to use any Item of Equipment in such a manner as to disqualify it as "section 38 property" within the meaning of section 48(a) of the Code.

[Fourth Paragraph] If the Lessor (a) with respect to the period prior to the receipt of the Internal Revenue Service Ruling for any reason (other than the reasons set forth in subparagraphs (i) through (v) of the Sixth paragraph of this Section 6.2) shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of or shall be required to recapture (any such event being hereinafter called a "Loss"), all or any portion of the Investment Credit, Interest Deduction, or the Depreciation Deduction with respect to any Item of Equipment or (b), subsequent to the receipt of a favorable Ruling, the Lessor shall incur a Loss with respect to any Item of Equipment due to (m) the noncompliance by the Lessee with the second paragraph of this Section 6.2 or (n) the use of any Item of Equipment by the Lessee in a manner inconsistent with the Lessor's claim to the Investment Credit, Interest Deduction and the Depreciation Deduction, then in either case, liquidated damage shall be due the Lessor computed at the option of the Lessee as follows: (x) the rentals for the Items of Equipment provided for in Section 2.1 hereof shall, on the next succeeding rental payment date after written notice to the Lessee by the Lessor of such fact, be increased to such amount or amounts as shall, in the reasonable opinion of the Lessor, cause the Lessor's net return to equal the net return that would have been realized by the Lessor if the Lessor had been entitled to utilize all the Investment Credit, the Depreciation Deduction and the Interest Deduction and the Lessee shall forthwith pay to the Lessor as additional rental the amount of any interest and/or penalties which may be assessed by the United States of America and paid by the Lessor attributable to the loss of all or such portion of the Investment Credit, Interest Deduction and Depreciation Deduction or (y) the sum of: (i) the amount of the Disallowed Tax Benefit in the manner hereinafter provided, and (ii) any interest and penalties required to be paid by Lessor with respect to or as a result of the Loss, net of any Federal income tax savings which results to Lessor from the deduction of such interest or penalties for the taxable year in which such amounts are paid; divided by (iii) that percentage which is the difference between (1) 100% and (2) the sum of (m) the highest effective Federal income tax and/or excess profits tax rate generally applicable to domestic corporations (including therein the effect of any applicable surtax, surcharge and/or any Federal tax or charges related to net income or excess profits, or related to any tax on net income or excess profits) for the taxable year of the Lessor in which the payment of liquidated damages are herein required (hereinafter referred to as the "Federal tax rate") plus (n) the highest effective generally applicable rate of tax imposed by the state wherein the Lessor is domicile on corporate net income and/or excess profits for the taxable year of the Lessor in which the payment of liquidated damages is herein required multiplied by that percentage which is the difference between 100% and the Federal tax rate for such year.

[Fifth Paragraph] For purposes of the immediately preceding computation, the Disallowed Tax Benefit with respect to the Investment Credit shall be the difference between 7% of the Purchase Price of any

Item of Equipment (or the Investment Credit previously allowed the Lessor if there has been a Loss with respect to such Item of Equipment) and the Investment Credit with respect to such Item of Equipment which is allowed to the Lessor and the Disallowed Tax Benefit with respect to the Depreciation Deduction or Interest Deduction shall be equal to the excess of (a) the amount of the Depreciation Deduction or Interest Deduction so disallowed which resulted in the Loss, over (b) the present value of using a discount rate of ~~6.5%~~ ^{10%} per annum compounded semiannually of any depreciation or interest deductions in excess of those which would otherwise have been allowable in future taxable years (hereinafter called "additional deductions"), which additional deductions will be allowable to the Lessor in future taxable years in respect of the Item of Equipment for which the Loss was incurred.

[Sixth Paragraph] Notwithstanding part (a) of the Fourth Paragraph of this Section 6.2, the payments under (x) or (y) of the Fourth Paragraph hereof shall not be required if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or shall have suffered a disallowance of, or shall have been required to recapture all or any portion of the Investment Credit, the Depreciation Deduction or the Interest Deduction with respect to any Item of Equipment as a direct result of the occurrence of any of the following events:

- (i) a Casualty Occurrence with respect to such Item of Equipment, if the Lessee shall have paid to the Lessor the amounts stipulated under Section 11.3 hereof;
- (ii) a transfer or other disposition by the Lessor of any interest in such Item of Equipment or the reduction by the Lessor of its interest in the rentals from such Item of Equipment under the Lease, unless, in each case, an Event of Default shall have occurred and be continuing;
- (iii) the failure of the Lessor to claim in a timely or proper manner the Investment Credit or the Depreciation Deduction, or the Interest Deduction;
- (iv) the failure of the Lessor to have sufficient liability for Federal income tax against which to credit such Investment Credit or sufficient income to benefit from the Depreciation Deduction, or the Interest Deduction as applicable;

(v) the amendment of the Bond Mortgage and Security Agreement (Trust Deed) dated as of August 25, 1974 (the "Mortgage") between North American Car (Canada) Limited and First National Bank of Minneapolis (the "Security Trustee") or the Security Agreement (Trust Deed) dated as of August 25, 1974 (the "Security Agreement") between the Lessor and the Security Trustee prior to an Event of Default hereunder without the prior written consent of the Lessee;

(vi) any change in the tax laws subsequent to the Closing Date (as defined in the Term Loan Agreements);

(vii) the failure of the Lessor to take timely action in contesting a claim made by the Internal Revenue Service with respect to the disallowance of such tax benefits, if the failure to take such action in a timely manner shall have precluded the right of the Lessee to contest such claim, or a failure to take action to contest any such claim after a timely request to conduct such contest has been given by the Lessee to the Lessor (provided that the Lessee shall upon demand of the Lessor pay to the Lessor the expenses of any such contest as a condition of prosecuting the same); or the release, waiver, compromise or settlement of any action or proceeding taken in accordance with this clause (vii) by the Lessor without the prior written consent of the Lessee; or

(viii) any other fault of the Lessor which directly causes the loss of any of the aforesaid tax benefits; provided, however, that the execution and delivery of this Lease and the other documents herein referred to and the carrying out of the transactions contemplated herein and therein in accordance with the terms of this Lease and such other documents shall not be deemed to have caused the loss of such tax benefit under this clause (viii).

[Seventh Paragraph] In the event a claim shall be made by the Internal Revenue Service through the issuance of a Revenue Agent's Report or Issue Memorandum with respect to the disallowance of the Lessor's Investment Credit, Interest Deduction or Depreciation Deduction in respect of any Item of Equipment, the Lessor agrees to take such action in connection with contesting such claim as the Lessee shall reasonably request from time to time provided, that: (a) within 30 days after notice by the Lessor to the Lessee of such claim, the Lessee shall make request that such claim be contested; (b) the Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings, and conferences with the Internal Revenue Service in respect of such claims and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States

District Court and/or the United States Court of Claims, as the Lessor shall elect, or contest such claim in the Tax Court of the United States, considering, however, in good faith such request as the Lessee shall make concerning the most appropriate forum in which to proceed; (c) prior to taking such action, the Lessee shall have furnished the Lessor with an opinion of independent tax counsel satisfactory to the Lessor to the effect that a meritorious defense exists to such claim; and (d) the Lessee shall have indemnified the Lessor in a manner satisfactory to Lessor for any liability or loss which the Lessor may incur as the result of contesting such claim and shall have agreed to pay the Lessor on demand all costs and expenses which the Lessor may incur in connection with contesting such claim, including, without limitation (i) reasonable attorneys' and accountants' fees and (ii) the amount of any interest or penalty which may ultimately be payable to the United States Government as the result of contesting such claim, and the Lessee shall have furnished reasonable security for such indemnification as may be requested. In the case of any such claim by the Internal Revenue Service referred to above, the Lessor agrees promptly to notify the Lessee in writing of such claim and agrees not to make any payments with respect to the tax claimed for at least 30 days after the giving of such notice and agrees to give to the Lessee any relevant information relating to such claim which may be particularly within the knowledge of the Lessor, and shall otherwise cooperate with the Lessee in good faith in order to effectively contest any such claim. At all times the Lessor reserves the right to direct its tax counsel not to take or to cease taking all legal or other appropriate action deemed reasonable by such counsel in order to sustain all or any part of any bona fide claim herein, whereby, such action by Lessor will relieve Lessee of its obligation under this Section 6.2 in respect to the paid claim(s) or that part of the paid claim(s) not so contested.

[Eighth Paragraph] If the Lessor's right to claim such portion of the Investment Credit and/or Depreciation Deduction and/or Interest Deduction with respect to an Item of Equipment for which the Lessee has made any lump-sum payment relating to the loss, disallowance or unavailability to Lessor of such Investment Credit or Depreciation Deduction or Interest Deduction, shall be established by final judgment or decree of the court or administrative agency having jurisdiction thereof, or if the Lessor shall release, waive, compromise or settle any claim without the written consent of the Lessee (either event hereinafter called a "Final Settlement") then, on the next succeeding rental payment date thereafter, or after such judgment or decree shall have become final, as the case may be, the Lessor shall reimburse Lessee in an amount equal to:

(a) the liquidated damages (other than the amount representing the interest assessed against and paid by the Lessor, which has not been reimbursed to the Lessor by the Lessee) paid by the Lessee which are attributable to the Investment Credit or the Depreciation Deduction or the Interest Deduction allowed as a result of each Final Settlement; plus

(b) interest from the date the liquidated damages are paid to the Lessor at the rate of six percent (6%) per annum on the amount in (a) above allowed as a result of such Final Settlement.

[Ninth Paragraph] If the Lessor's right to claim all or any part of the full Investment Credit and/or Depreciation Deduction and/or Interest Deduction with respect to an Item of Equipment, for which the Lessee has paid increased rentals and which was not claimed or was disallowed, shall be established by a Final Settlement, then on the next succeeding rental payment date thereafter, or after such judgment or decree shall have become final, as the case may be, the rental rate in respect of such Item of Equipment shall be adjusted by such amount for such Item of Equipment which, in the reasonable opinion of the Lessor, will cause the Lessor's net after tax rate of return over the remaining term of the Lease in respect of such Item of Equipment be equal to the net after tax rate of return that would have been available if adjusted initially by taking into account such Final Settlement when computing the net rate of return, and the Lessor shall forthwith upon demand of the Lessee reimburse Lessee in an amount equal to the excess, if any, of (a) the sum of (i) the difference between the increased rental paid by the Lessee with respect to such Item of Equipment pursuant to this Section and the rental rate applicable to such Item of Equipment computed in accordance with this paragraph and (ii) any interest paid by the Lessee to the Lessor pursuant to this Section 6.2 over (b) the difference between (x) an amount equal to interest at the rate of 11% per annum on the amount of any Federal income tax paid by the Lessor on account of the disallowance or inability to claim the Investment Credit and/or Depreciation Deduction on such Item and (y) the amount of any interest to which the Lessor would be entitled in connection with the refund of any tax paid on account of such disallowance or inability to claim; provided, however, that if the amount calculated in accordance with clause (b) of this Ninth Paragraph exceeds the amount calculated in accordance with clause (a) hereof, the Lessee shall pay such excess to the Lessor promptly on demand.

6.3. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability contained in this Section 6 shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Sections 13 or 15 as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the Canadian Transport Commission and the United States Department of Transportation and the current Interchange Rules and Supplements thereto of the Mechanical Division Association of American Railroads) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. Subject to Section 7 hereof, the Lessee shall not modify any Item of Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease and the Mortgage and Security Agreement to be duly filed, recorded or deposited in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title or the security interest granted to any assignee under Section 16 hereof and will furnish the Lessor proof thereof; provided, however, that the Lessee shall not be required to accomplish such filing in respect of any jurisdiction outside the United States in which any Item of Equipment is to be used if (a) in the opinion of counsel for the Lessee such filing cannot be legally accomplished in such jurisdiction, and (b) after giving effect to the failure to accomplish such filing, the Lessee has taken all action required by law to protect the right, title and interest of the Lessor and such Assignee in and to Items of Equipment having a value of not less than 90% of the then appropriate Casualty Value of all Equipment then subject to this Lease, and (c) any Item of Equipment at any time located in such jurisdiction shall have been marked in accordance with Section 4.2 hereof. Subject to the proviso of the first sentence of this Section 10.1, the Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will re-file, re-register, re-record or re-deposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to, or such Assignee's security interest in, the Equipment to the satisfaction of the Lessor's or such Assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's

counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. The Lessee, or the Lessor at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any tax measured by the Lessor's net income and any gross receipts or gross income taxes in substitution for or by way of relief from the payment of taxes measured by such net income, provided that the Lessee agrees to pay that portion of any such tax on or measured by rentals payable hereunder or the net income therefrom which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor or the Lessee; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice thereof shall have been given to the Lessee.

SECTION 11. INSURANCE, PAYMENT FOR CASUALTY OCCURRENCE OR EQUIPMENT UNSERVICEABLE FOR USE.

11.1. Insurance. The Lessee will cause to be carried and maintained for the benefit of the Lessor and any assignee pursuant to Section 16 hereof policies of insurance on each Item of Equipment subject to this Lease insuring the Lessor and any assignee pursuant to Section 16 hereof against loss or damage resulting from risks comparable to those risks insured against by the Lessee on other cars owned or leased by the Lessee, in an amount at least equal to the Casualty Value from time to time of such Equipment; provided, however, that the Lessee shall not be required to insure any such Item of Equipment the risk of loss of which is borne by any sublessee or user permitted by Section 17 hereof. The Lessee will pay the premiums of such insurance. If the Lessee shall fail to maintain

such insurance, the Lessor or any assignee pursuant to Section 16 hereof may (but shall be under no obligation so to do) cause the Equipment to be insured in such amount as the Lessor or such assignee shall deem advisable for its protection and may demand and recover from the Lessee the premiums on such insurance plus any expense incurred by the Lessor or such assignee in order to pay such premiums.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which by its terms does not exceed the Term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

11.3. Payment for Casualty Loss. When the aggregate Casualty Value (as herein defined) of Items of Equipment having suffered a Casualty Occurrence (exclusive of Items of Equipment having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Lessor pursuant to this Section 11) shall exceed \$60,000, the Lessee, on the next succeeding rental payment date, shall pay to the Lessor the rental installment due on such rental payment date for such Items of Equipment plus a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment; provided that notwithstanding the foregoing the Lessee shall on the last rental payment date of each calendar year pay to the Lessor a sum equal to the Casualty Value of any Item or Items of Equipment which have suffered a casualty occurrence during such calendar year or any prior year for which no payment has previously been made to the Lessor pursuant to this Section 11.3.

11.4. Rent Termination. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment and the rental installment due on such payment date, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do

so for the fair market value thereof. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment.

11.6. Casualty Value. The "Casualty Value" of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the original cost to the Lessor of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before May 1 in each year, commencing with the year 1975, the Lessee will furnish

to the Lessor, and the Lessor's assigns an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and any assignee pursuant to Section 16 hereof each shall have the right, at its sole cost and expense by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or, as the case may be, such Assignee the existence and proper maintenance thereof during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks within 50 miles of Chicago, Illinois, as the Lessor may reasonably designate, or in the absence of such designation, as the Lessee may select. The Lessee will provide storage for such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90 day period to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default ("Event of Default") hereunder:

(a) Default shall be made in the payment of any part of the rental or other sums provided in Section 2 hereof or in Section 11 hereof and such default shall continue for five days; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within 30 days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession; or

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(d) Lessee becomes insolvent (as defined in The Bankruptcy Statute of 1898, as amended) or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for Lessee or for the major part of its property, or Lessee shall make any voluntary assignment or transfer of Lessee's interest as Lessee hereunder in a manner or to a person not permitted by the terms hereof;

(e) A trustee or receiver is appointed for Lessee, or for the major part of its property and is not discharged within 60 days after such appointment;

(f) Bankruptcy, reorganization, arrangements, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors, are instituted by or against Lessee, and if instituted against Lessee are allowed against Lessee or are consented to or are not dismissed with 90 days after such institution;

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor, shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 6.5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

(c) In the event of any such termination and whether or not the Lessor shall have exercised or shall thereafter exercise any of its other rights under paragraph (b) above, the Lessor shall have the right to recover from the Lessee an amount which

after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States of America or any subdivision thereof shall cause the Lessor's net return under this Lease to equal the net return that would have been available to the Lessor if it had been entitled to utilization or all, of such portion of the Investment Credit (as defined in 6.2 hereof) lost, not claimed, not available for claim, disallowed or recaptured with respect to the Lessor as a result of the sale or other disposition of the Lessor's interest in any item after the occurrence of an Event of Default plus such sum as shall cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if it had been entitled to utilization of all, or such portion of the Depreciation Deduction (as defined in 6.2 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of an item as a result of the sale or other disposition of the Lessor's interest in such item after the occurrence of an Event of Default plus such sum as shall cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if it had been entitled to utilization or all, or such portion of the Interest Deduction (as defined in 6.2 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of an item as a result of the sale or other disposition of the Lessor's interest in such item after the occurrence of an event of default to the extent Lessor shall not have previously been indemnified therefor by the Lessee.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any off-set against the rent payments due hereunder, and agrees to make the rent payments regardless of any off-set or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4 Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee pursuant to Section 16 hereof shall terminate this

Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment on such storage tracks within 50 miles of Chicago, Illinois, as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Provide storage at the risk of the Lessee for such Equipment on such storage tracks within 50 miles of Chicago, Illinois for a period not exceeding 180 days after written notice to the Lessor specifying the place of storage and the car numbers of the Items so stored, such storage to be at the risk of the Lessee; and

(c) Transport any Items of Equipment, at any time within such 180 days' period, to any place on the lines of a railroad within a 50-mile radius of such storage tracks, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease shall be assignable in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall

be paid to the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or re-coupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the assignee, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. Provided that no Event of Default (or no event which with the passing of time or giving of notice, or both, would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment, except as provided in Section 17.4 hereof. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Sections 17.2, 17.3 and 17.4 hereof.

17.2. Use and Possession on Lines Other Than Lessee's Own. Provided that no Event of Default (or no event which with the passing of time or giving of notice, or both, would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the possession of the Equipment and to the use thereof, and also to permit the use of Items of Equipment in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease.

17.3. Merger, Consolidation or Acquisition of Lessee.

Nothing in this Section 17 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation affiliated with the Lessee or to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

17.4. Sublease of Equipment. Provided that no Event of

Default (or no event which with the passing of time or giving of notice, or both, would become an Event of Default) shall have occurred and be continuing, nothing in this Section 17 shall be deemed to restrict the right of the Lessee to sublease the Equipment to a sublessee incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any Province or Territory thereof) for use upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia) or Canada (or any Province or Territory thereof), or over which such railroad company or companies have trackage rights or rights for operation of their trains, or lines used in any sublessee's business and upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease; provided however, that if the Lessee subleases or permits the use of any Item of Equipment in Canada (or any Province or Territory thereof), the Lessee shall, subject to Section 10.1 hereof, first have (a) taken all action reasonably deemed necessary or appropriate by the Lessor or any assignee pursuant to Section 16 hereof to protect the right, title and interest of the Lessor and any such assignee in the Items of Equipment to be so subleased or used, subject to Section 10.1 hereof, and (b) furnished the Lessor and any assignee pursuant to Section 16 hereof with an opinion of Canadian counsel where reasonably deemed necessary or appropriate by the Lessor or such assignee to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and any assignee pursuant to Section 16 hereof in such Items of Equipment.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Items of Equipment included in such sublease and the use thereof; provided, however, that every such sublease shall subject the rights of the sublessee thereunder to the rights and remedies of the Lessor and any assignee pursuant to Section 16 hereof under this Lease in respect of the Items of Equipment covered by such sublease upon the occurrence of an Event of Default thereunder or hereunder.

In addition to, and not in limitation of, any rights or remedies which the Lessor and any assignee pursuant to Section 16 hereof might otherwise have, the Lessor and any assignee pursuant to Section 16 hereof shall have the right to declare this Lease terminated in case of any assignment or transfer of the Lessee's rights hereunder or in case of any sublease or use of any of the Items of Equipment otherwise than as permitted by this Section 17.4. No such lien, charge, encumbrance or sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

SECTION 18. OPINION OF LESSEE'S COUNSEL.

Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor ten counterparts of the written opinion of counsel for the Lessee addressed to the Lessor and to any assignee under Section 16 of which the Lessee has notice, in scope and substance satisfactory to the Lessor, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Delaware;

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease, the Acquisition Agreement of even date herewith between the Lessor and the Lessee and the Guaranty Agreement of even date herewith have each been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their respective terms;

(d) This Lease has been filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and no other filing, recording or depositing is necessary to protect the Lessor's title to the Equipment in the United States of America;

(e) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance by the Lessee of said Acquisition Agreement, the Guaranty Agreement or this Lease;

(f) The execution and delivery by the Lessee of said Acquisition Agreement and Guaranty Agreement and this Lease do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement, or other instrument to which the Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as contemplated and permitted hereby; and

(g) As to any other matter which the Lessor shall reasonably request.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay an amount equal to 12% per annum (or the lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. OPTIONS TO RENEW.

Provided that no Event of Default (or no event which with the passing of time or giving of notice, or both, would become an Event of Default) shall have occurred and be continuing, the Lessee shall have the following options to renew:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Equipment then leased hereunder at the expiration of the original term of this Lease for an additional renewal term of five years upon and subject to the terms and conditions herein contained, excepting only that the semiannual Fixed Rental payable for and during such renewal term shall be an amount equal to 1.799692% of the Invoice Cost of the Equipment. The renewal term shall commence immediately upon the expiration of the original term of this Lease. The Lessee shall give the Lessor written notice 180 days prior to the end of the original term of its election to exercise the renewal option provided for by this Section 20(a).

In the event that the Lessee does not exercise its renewal option herein contained, the Lessor may by written notice delivered to the Lessee not less than 90 days prior to the end of the original term of this Lease require the Lessee to purchase at the end of the original term of this Lease all but not fewer than all the Items then subject to this Lease (the "First Sale Option") for a purchase price equal to the greater of (a) 12.5% of the purchase price of the Equipment, or (b) Fair Market Value as hereinafter defined.

The Fair Market Value shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market value of the Equipment within 30 days after receipt by the Lessee of the notice of the Lessor's election to exercise the First Sale Option, the Fair Market Value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the Fair Market Value is not so determined within 30 days after receipt by the Lessee of the Lessor's election to exercise the First Sale Option provided for in this Section 20(a); the same shall be determined by American Appraisal Company.

(b) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Equipment then leased hereunder at the expiration of the renewal term provided for in Section 20(a) hereof for an additional renewal term of five years upon and subject to the terms and conditions herein contained, excepting only that the semiannual Fixed Rental payable for and during such renewal terms shall be an amount equal to the "fair rental value" (as defined) of such Equipment. Each such renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice 180 days prior to the end of the first renewal term of its election to exercise the renewal option provided for by this Section 20(b).

The "fair rental value" shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair rental value of the Equipment within 30 days after receipt by the Lessor of the notice of the Lessee's election to exercise any renewal option, the fair rental value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor

and the Lessee are not able to agree upon an appraiser, or if the fair rental value is not so determined within 30 days after receipt by the Lessor of the Lessee's election to purchase, the same shall be determined by American Appraisal Company (or any successor corporation thereto). At any date not less than 180 days prior to the expiration of the original term or any extension thereof, the Lessee may at its option withdraw and rescind its election to exercise the renewal option provided for in this Section without further liability to the Lessor.

SECTION 21. PURCHASE OF EQUIPMENT BY LESSEE IN THE EVENT OF ADVERSE TAX RULING.

If on or before June 30, 1975, the Internal Revenue Service for any reason whatsoever shall not have issued to the Lessor, upon a request by it, a favorable tax ruling (herein called the Ruling) to the effect that: (i) this Lease constitutes a true lease and the Lessor will be treated as owner of the Equipment; (ii) the Lessor is entitled to the Interest Deduction in computing its taxable income; (iii) the Lessor is entitled to the Investment Credit in respect of 100% of the Invoice Cost of the Equipment; (iv) the Lessor is entitled to the Depreciation Deduction in respect of 100% of the Invoice Cost of the Equipment; (v) the payments to be paid by the Lessee for the use of the Equipment constitute rent and are deductible by the Lessee pursuant to Section 162(a)(3) of the Code, then at the request of the Lessor, the Lessee shall at its option either (a) purchase from the Lessor within 30 days after June 30, 1975, as the case may be, all of the Equipment subject to this Lease for a purchase price equal to 100% of the Invoice Cost paid for the Items of Equipment (including all taxes) plus the amount of all unpaid rentals payable under the Lease for said Items of Equipment through the date of such purchase by the Lessee and the Lessee shall pay, indemnify and save the Lessor harmless from and against any and all liabilities, claims, demands and expenses (including legal expenses and court costs) arising on account of or in connection with the execution by the Lessor of this Lease or (b) indemnify the Lessor in accordance with the provisions of clause (x) of the Fourth Paragraph of Section 6.2 hereof.

SECTION 22. MISCELLANEOUS.

22.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class postage prepaid, addressed as follows:

If to the Lessor: First National Bank and Trust
 Company of Evanston
 Post Office Box 712
 Evanston, Illinois 60204
 Attention: President

If to the Lessee: North American Car Corporation
 222 South Riverside Plaza
 Chicago, Illinois 60606
 Attention: President

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

22.2 Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

22.3. Law Governing. This Lease shall be construed in accordance with the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.


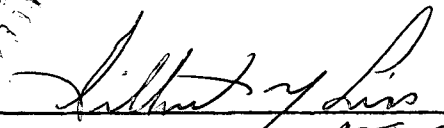
22.4. Limitations of Liability. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that, except in the case of the gross negligence or willful misconduct of the Lessor, no liability or responsibility in its individual corporate capacity is assumed by nor shall at any time be asserted or enforceable against the Lessor, or any incorporator or any past, present or future subscriber to the capital stock of, the Lessor, on account of this Lease or on account of any representation, covenant, undertaking or agreement of the Lessor in this Lease contained, either expressed or implied, all such individual corporate liability, if any, being expressly waived and released by the Lessee herein and by all persons claiming by, through or under the Lessee, except in the case of the gross negligence or willful misconduct of the Lessor.

22.5. Effective Date. This Lease is dated as of August 15, 1974 for convenience of identification and has been executed by the Lessor and the Lessee on the respective dates shown in the notarizations attached hereto and becomes effective on the latest date on which said notarizations were executed.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

(Corporate Seal)

ATTEST:



ASST. CASHIER

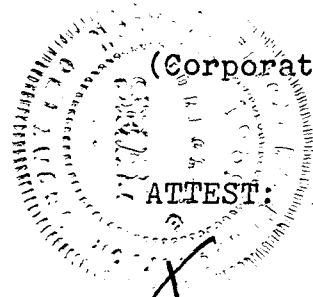
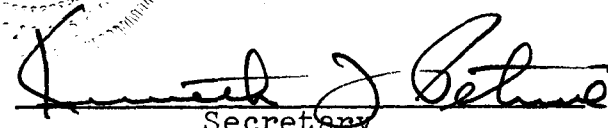
FIRST NATIONAL BANK AND TRUST
COMPANY OF EVANSTON

By 
Its Vice President

LESSOR

(Corporate Seal)

ATTEST:



Secretary

NORTH AMERICAN CAR CORPORATION

By 
Its ~~VICE PRESIDENT~~

LESSEE

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 15th day of August, 1974, before me personally appeared O. M. Lynch, to me personally known, who being by me duly sworn, says that he is a Vice President of FIRST NATIONAL BANK AND TRUST COMPANY OF EVANSTON, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Paul H. Altman
Notary Public

My Commission Expires: 12/13/75

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 15th day of August, 1974, before me personally appeared MARTIN A. LYNCH, to me personally known, who being by me duly sworn, says that he is a Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Paul H. Altman
Notary Public

My Commission Expires: 12/13/75

SCHEDULE A
(to Equipment Lease)

MANUFACTURER:	HAWKER SIDDELEY CANADA LIMITED
PLANT OF MANUFACTURER:	Trenton, Nova Scotia, Canada
DESCRIPTION OF EQUIPMENT:	Two hundred Class FB 70-ton Flatcars bearing Road Numbers NAHX 52850 to 53049, both inclusive
INVOICE COST:	\$16,500 per unit (\$3,300,000 for two hundred Items)
PLACE OF DELIVERY:	Trenton, Nova Scotia, Canada
ESTIMATED DELIVERY DATE:	August, September, 1974
OUTSIDE DELIVERY DATE:	November 15, 1974
FIXED RENTAL PAYMENTS:	Forty (40) semi-annual rental payments, in arrears, each equal to 4.49923% of the Invoice Cost of each Item of Equipment
DAILY INTERIM RENTAL:	For the period from and including the date of acceptance of each Item of Equipment pursuant to Section 1 of the Lease to but not including, and payable on, the earlier of (a) the Closing Date under the Term Loan Agreements, or (b) the Term Lease Commencement Date an amount per day per Item of Equipment equal to interest at the rate of 120% of the prime rate from time to time in effect (divided by 360) charged by Crocker National Bank, San Francisco, California to its most credit worthy commercial customers on unsecured 90-day loans times the Invoice Cost of each such Item of Equipment; and for the period, if any, from and including the Closing Date under the Term Loan Agreements to but not including, and payable on, the Term Lease Commencement Date an amount per day per Item of Equipment equal to .030556% of the Invoice Cost of each such Item of Equipment. Interim rentals shall be due and payable on January 31, 1975.

SCHEDULE A (CONT'D)

Lessee: North American Car Corporation

Security Trustee: First National Bank of Minneapolis

All above Canadian dollar figures are based on assumed conversion exchange of Can. \$1.00 equal to U. S. \$1.00. All rentals hereunder shall be calculated upon the U. S. Dollar equivalent to the Invoice Cost of the respective dates on which Items of Equipment are paid for (to the extent not paid by the Lessee) and shall be payable in U. S. Dollars.

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

To: First National Bank and Trust Company of Evanston
("Lessor")

North American Car (Canada) Limited ("Initial Purchaser")
Hawker Siddeley Canada Limited ("Manufacturer")

I, a duly appointed inspector and authorized representative of NORTH AMERICAN CAR CORPORATION ("Lessee") and of the above named Lessor and Initial Purchaser, do hereby certify that I have inspected, received, approved and accepted delivery, on behalf of Lessee under the Equipment Lease dated as of August 15, 1974 between the Lessor and the Lessee and on behalf of the Lessor and Initial Purchaser of the following Items of Equipment ("Equipment"):

TYPE OF EQUIPMENT: CLASS FB 70-ton Flatcars

MANUFACTURER: HAWKER SIDDELEY CANADA LIMITED

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF ITEMS:

NUMBERED:

I do further certify that the foregoing Equipment is in good order and condition, and conforms to the Specifications applicable thereto, and at the time of delivery to the Lessee there was plainly, distinctly, permanently and conspicuously marked in contrasting colors upon each side of each Item of Equipment the following legend in letters not less than one inch in height:

"Leased from First National Bank and Trust Company of Evanston, as Lessor, and subject to a Security Interest, all as Recorded with the Interstate Commerce Commission."

SCHEDULE B
(to Equipment Lease)

NORTH AMERICAN CAR CORPORATION

SCHEDULE OF CASUALTY VALUE

The Casualty Value of an Item of Equipment payable on any rental payment date shall mean an amount equal to the per cent of total cost to the Lessor of such Item, including all taxes and delivery charges, set forth opposite such Rental Payment Date in the following schedule:

<u>Rental Payment Date on which Casualty Value is Paid (Payment in Addition to Rent Payment)</u>	<u>Percentage of Invoice Cost Payable As Casualty Value</u>
January 31, 1975	104.22715
July 31, 1975	105.40382
January 31, 1976	106.29234
July 31, 1976	106.95089
January 31, 1977	107.36613
July 31, 1977	107.57712
January 31, 1978	102.88371
July 31, 1978	102.66879
January 31, 1979	102.23793
July 31, 1979	101.62123
January 31, 1980	96.13017
July 31, 1980	95.13862
January 31, 1981	93.96412
July 31, 1981	92.62774
January 31, 1982	86.45326
July 31, 1982	84.80550
January 31, 1983	83.01475
July 31, 1983	81.09292
January 31, 1984	79.05120
July 31, 1984	76.92560
January 31, 1985	74.73145
July 31, 1985	72.47817
January 31, 1986	70.16250
July 31, 1986	67.78461
January 31, 1987	65.34109
July 31, 1987	62.83212
January 31, 1988	60.25413

SCHEDULE C
(to the Equipment Lease)

Rental Payment Date on
which Casualty Value is
Paid (Payment in Addition
to Rent Payment)

Percentage of
Invoice Cost
Payable As
Casualty Value

July 31, 1988	57.60731
January 31, 1989	54.88789
July 31, 1989	52.09612
January 31, 1990	49.22801
July 31, 1990	46.28386
January 31, 1991	43.25948
July 31, 1991	40.15518
January 31, 1992	36.96658
July 31, 1992	33.69402
January 31, 1993	30.33290
July 31, 1993	26.85073
January 31, 1994	23.29407
July 31, 1994	19.67902
Thereafter	16.03568

UNITED STATES OF AMERICA
STATE OF Illinois
COUNTY OF Cook

TO WIT: AND IN THE MATTER OF registration under the
said Act of an Equipment Lease dated as
of the Fifteenth day of August, 1974 and
made among First National Bank and Trust
Company of Evanston and North American
Car Corporation.

AFFIDAVIT

I, D. M. Lynch, of the City of
Evanston, State of Illinois, USA, MAKE OATH AND SAY THAT:

1. I am an officer holding the office of Vice President
of First National Bank and Trust Company of Evanston, the lessor
named in the annexed instrument containing a lease made by the said
First National Bank and Trust Company of Evanston to North American
Car Corporation, and am aware of the circumstances connected with
the transaction and have a personal knowledge of the facts herein
deposed to.

2. The said instrument is dated as of the Fifteenth day of
August, 1974, but was actually executed by First National Bank and
Trust Company of Evanston at the City of Evanston, County of Cook,
State of Illinois on the 15th day of August, 1974.

SWORN before me at the City of
Evanston, County of Cook, State
of Illinois, USA, this 15th day
of August, 1974.

Paul H. Alt
Notary Public

D. M. Lynch

I, A Notary Public in and for the
County of Cook, State of
Illinois

My Commission Expires:

December 13, 1975

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK

TO WIT: AND IN THE MATTER OF registration under
said Act of an Equipment Lease dated as
of the Fifteenth day of August, 1974
and made among First National Bank and
Trust Company of Evanston and North
American Car Corporation.

AFFIDAVIT

I, Martin A. Lynch, of the City of Chicago,
State of Illinois, USA, MAKE OATH AND SAY THAT:

1. I am officer holding the office of Vice President of North American Car Corporation, the lessee named in the annexed instrument containing a lease made by First National Bank and Trust Company of Evanston to said North American Car Corporation and am aware of the circumstances connected with the transaction and have a personal knowledge of the facts herein deposed to.

2. The said instrument is dated as of the Fifteenth day of August, 1974, but was actually executed by North American Car Corporation at the City of Chicago, State of Illinois, USA, on the 15th day of August, 1974.

SWORN before me at the City of
Chicago, County of Cook, State
of Illinois, USA, this 15th
day of August, 1974.

Paul J. Allen
Notary Public

A Notary Public in and for the
County of Cook, State of Illinois

My Commission Expires:

December 13, 1975

UNITED STATES OF AMERICA
STATE OF Illinois
COUNTY OF Cook

TO WIT: AND IN THE MATTER OF registration under the
said Act of an Equipment Lease dated as of
the Fifteenth day of August, 1974 and made
among First National Bank and Trust Com-
pany of Evanston and North American Car
Corporation.

AFFIDAVIT OF BONA FIDES

I, O. M. Lynch, of the City of Evanston,
County of Cook, State of Illinois, USA, MAKE OATH AND SAY:

1. That I am an officer of First National Bank and Trust Com-
pany of Evanston, the lessor named in the annexed instrument contain-
ing a lease made by the said First National Bank and Trust Company
of Evanston and North American Car Corporation, the lessee, and I
am aware of the circumstances connected with the transaction and have
a personal knowledge of the facts deposed to herein.

2. That the said instrument containing the lease was executed in
good faith and for the purpose of securing an obligation of the lessee
and not for the mere purpose of protecting the chattels and book debts
therein mentioned against the creditors of the lessee or preventing
such creditors from obtaining payment of any claim against the lessee.

SWORN before me at the City of
Evanston, County of Cook, State
of Illinois, USA, this 15th
day of August, 1974.

O. M. Lynch

Paul J. Altier
Notary Public

A Notary Public in and for the
County of Cook, State of Illinois

My Commission Expires:

December 15, 1975